

*LANL Property
Management Manual*

**IX.
Government-
Furnished
Property**

Government-Furnished Property

Policies

The term "government-furnished property" refers to government-owned property provided to or acquired by a LANL subcontractor. This includes property provided to affiliates paid a flat sum by the Laboratory, such as consultants, and organizations with Cooperative Research and Development Agreements (CRADAs). Government-furnished property (GFP) is U.S. Government property and may be used for official LANL work only, as specified in the applicable contract. Subcontractor-acquired property (SAP) is considered GFP once the subcontractor is reimbursed for it by the Laboratory.

All capital, attractive, and controlled property at a subcontractor location is tagged and recorded in PAIRS under the stewardship of the property center that is a party to the contract. Property Management (PM) may inspect the subcontractor's property records or the premises on which GFP is located at any reasonable time until the contract's completion or termination. The responsible property administrator (PA) may inspect GFP at the subcontractor's site during the custodial organization's annual physical inventories.

Subcontractors are financially liable for shortage, loss, damage, or destruction of GFP as soon as it

Government-Furnished Property

comes into their custody. Each must create and maintain a system to control, protect, preserve and maintain GFP. The system is subject to audit by LANL as circumstances warrant until the contract's completion or termination.

Subcontractors in possession of government property worth a total of \$500,000 or more by acquisition value must explain their systems through formal property management plans. These plans must be approved by PM. Expedited consideration may be given to systems approved by other U.S. Government agencies. Subcontractors with lesser amounts must provide information on the control and use of GFP to PM annually.

The subcontractor is responsible for tagging, tracking, inventorying, maintenance, use, and disposal of GFP according to LANL policies and federal regulations.

Note: Subcontractors operating within and having facilities at the Laboratory may be considered "on-site subcontractors," which are treated like LANL organizations in property matters. Refer to the specific subcontractor's contract for details.

Government-Furnished Property

Cross-references:
41 CFR 109-60
Joints IX

Technology Transfer

Property developed by the Laboratory that advances the national technology base may be provided to outside researchers or to commercial firms capable of marketing the technology. The property is furnished as documented on the licensing agreement administered by the Industrial Partnership Office. A custodian wishing to transfer technology or establish a CRADA must contact that office.

Responsibilities

Subcontractor

The subcontractor must ensure that GFP is clearly marked as government property. Any property not already marked is to be labeled before use. All capital, attractive, and controlled property must be tagged as detailed in the section on "Property Delivered Off-site" in Chapter II, "Acquisition."

The subcontractor must take adequate measures to safeguard government property against loss, damage, theft, destruction, or unofficial use, as

Government-Furnished Property

detailed in the subcontract (or CRADA) and the approved property management system, if any. This includes responsibility for proper maintenance, requiring:

- preventive maintenance
- immediate reporting to the contract administrator and property administrator (PA) of all major repairs or rehabilitation needed
- the keeping of records showing all maintenance and repair work performed and the associated costs

Property and inventory records will be maintained that are sufficient not only to track GFP but also for use in:

- effecting maximum utilization of property
- prompt identification and reporting of excess property
- effective physical protection of property
- the preparation of reports
- accounting for or returning expense items upon completion or termination of the subcontract

Government-Furnished Property

These records must contain information identical to that maintained by the Laboratory for similar on-site equipment, and be made available to LANL upon request.

The subcontractor must complete property management system questionnaires and physical inventories as requested by PM.

As soon as a GFP item is no longer needed for the subcontracted work, the subcontractor must seek instructions for its disposition. The subcontractor then either returns the property as directed or disposes of the item(s) according to instructions obtained from PM via Procurement or the Industrial Partnership Office.

Procurement/ Industrial Partnership Office

Procurement is responsible for writing and enforcing the terms of a subcontract consistent with LANL property management policies and procedures. Procurement, through its contract administrator, must notify PM when it awards a contract authorizing the furnishing or acquisition of GFP and provide documentation. It also is responsible for ensuring that all GFP is recovered or accounted for at the completion or termination of the subcontract.

Government-Furnished Property

For CRADAs, the Industrial Partnership Office is responsible for all duties given to Procurement in this chapter. The word "subcontract" also means "CRADA" in the rest of the chapter.

Property Management

PM reviews and approves the subcontractor's property management system, provides LANL bar code tags for SAP, monitors GFP use and control, and determines final disposition of property.

Contract Technical Representative

The contract technical representative (CTR) is the individual named to represent the property center in the accomplishment of the subcontracted work. The CTR must cooperate with Procurement and PM in the discharge of their responsibilities and advise PM on appropriate use and disposition of the GFP.

Procedures

Receipt of Property

Acquisition

The subcontractor purchases SAP through the subcontractor's normal channels. After receipt of the

Government-Furnished Property

items, it sends an invoice to Property Accounting that lists each item purchased, including the:

- manufacturer
- model
- serial number
- acquisition cost

Property Accounting initiates the procedure for "Property Delivered Off-site" found in Chapter II, "Acquisition."

Provision

Government-owned property is provided to a subcontractor using a Shipping Manifest (SM; see Appendix) prepared and signed by the PA. The SM must list the contract number, and if the equipment had to be bought by LANL to fulfill its responsibility under the contract, the purchase order number is listed. The SM must be signed by the contract administrator and the CTR's line manager. The PA then updates the property's location in PAIRS, and Property Accounting updates the status subaccount, transaction document, and date.

Property also may be paid for directly by LANL but delivered directly to the subcontractor (see "Property

Government-Furnished Property

Delivered Off-site" in Chapter II, "Acquisition" for the procedure.)

Segregation of Property

GFP shall be segregated from subcontractor-owned property unless:

- the subcontractor is an educational institution with a research and development contract
- the contract specifically allows commingling of the property

or

- segregation would materially hinder the progress of the work because of the quantities involved, lack of space, costs caused by additional handling, etc.

Except in the case of educational institutions, commingling must be approved in advance by the CTR. The subcontractor writes a memo explaining why commingling is requested and sends it to the CTR. If the CTR approves, he or she signs it, makes copies for the property center, PM, and Procurement, and returns the original to the subcontractor.

Government-Furnished Property

Inventories

All subcontractors must conduct annual inventories of their capital, attractive, and controlled GFP and any other items designated by the Laboratory. PM sends out a Property Report (see Appendix), which must:

- be completed and returned to PM within 30 days
- list all property-numbered items in the possession of the subcontractor, including:
 - property number
 - property description (manufacturer, make, and model)
 - serial number
 - acquisition date
 - location
 - condition
 - unit cost
 - total cost
- indicate if any items are idle, under-used or unneeded
- include the date the physical inventory was completed

Government-Furnished Property

PM compares the completed report to its records in PAIRS. It notifies the subcontractor of any discrepancies by memorandum and works with the subcontractor to reconcile them according to LANL policies and the terms of the contract (see "Reconciliations" in Chapter V, "Inventory & Reconciliation").

In lieu of this procedure, GFP may be physically inventoried by the custodial organization's PA.

Closing a Subcontract

When the tasks in a subcontract are nearing completion or the subcontract is terminated, Procurement begins the closure process. It notifies in writing the subcontractor, PM, and the CTR.

Unless stipulated otherwise in the subcontract, the subcontractor must provide on a Property Report provided by PM a list of GFP still in its possession, including expense items. It also must explain in a memorandum how expense items provided but not on the list or previously returned were used. PM compares the list and memo to its records and resolves any discrepancies jointly with the subcontractor, Procurement, and the CTR.

Government-Furnished Property

The CTR suggests through Procurement the means of final disposition of the property. It may be retained by the subcontractor as partial payment, returned to the organization, transferred to another center, excessed, or retired according to LANL policy.

PM decides the final dispositions. It issues instructions to Procurement, which sends them to the subcontractor and oversees their accomplishment in conjunction with the PA.

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